



Senate Bill No. 1108

Public Act No. 05-129

AN ACT ESTABLISHING A CONNECTICUT NEW OPPORTUNITIES FUND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective July 1, 2005*) (a) As used in this section:

- (1) "Corporation" means Connecticut Innovations, Incorporated; and
- (2) "Fund" means the Connecticut New Opportunities Fund.

(b) Connecticut Innovations, Incorporated shall establish a fund to be known as the Connecticut New Opportunities Fund, for the purpose of investing in seed stage and emerging growth companies in the state. The corporation, or a subsidiary created by the corporation for the purposes of this section, shall serve as general partner or managing member of the fund and shall determine whether the fund should be organized as a limited partnership or a limited liability company. The general partner or managing member of the fund shall be reimbursed from the fund for its management costs, which shall not exceed two per cent, annually, of the committed capital of the fund.

(c) Investors in the fund may include pension funds, foundations and private entities. Such investors shall participate as limited partners or nonmanaging members of the fund. The committed capital of the

Senate Bill No. 1108

fund shall not exceed fifty million dollars.

(d) The moneys in the fund shall be invested as follows: (1) Not more than twenty-five per cent in seed stage companies, and (2) not more than seventy-five per cent in not more than twenty emerging growth companies. Not more than three million dollars shall be invested in any single seed stage or emerging growth company. Fund investments shall be in the form of equity or similar instruments. An emerging growth company may be eligible for an investment if the company projects high growth, has a strong management team, has current and prospective customers, has had difficulty raising early stage venture capital and is a strong market driver but is facing entry barriers.

(e) The fund shall have a term of ten years, provided it may be extended for three one-year periods if necessary to complete liquidation of the fund's investments. Upon such liquidation, each investor shall be entitled to a return of the investment made, plus eighty per cent of all net realized gains of the fund. The state shall provide a first loss guarantee at the end of the tenth year, if needed, of not more than twenty-five million dollars. The state shall be entitled to ten per cent of all net realized gains of the fund and the general partner or managing member of the fund shall also be entitled to ten per cent of all such net realized gains.

Approved June 24, 2005